Calendar No. 470

99TH CONGRESS
1st Session

SENATE

REPORT
99-217

PROVIDING FOR THE REAPPOINTMENT OF CARLISLE H. HUMELSINE AS A CITIZEN REGENT OF THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

DECEMBER 11 (legislative day, DECEMBER 9), 1985.—Ordered to be printed

Mr. MATHIAS, from the Committee on Rules and Administration, submitted the following

REPORT

[To accompany S.J. Res. 214]

The Committee on Rules and Administration, to which was referred the joint resolution (S.J. Res. 214) to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution, having considered the same, reports favorably thereon without amendment and recommends that the joint resolution be agreed to.

Senate Joint Resolution 214 would provide that Carlisle H. Humelsine of Virginia be reappointed to the Board of Regents of the Smithsonian Institution upon expiration of his current term on March 13, 1986, for the statutory term of six years beginning on March 14, 1986.

The Board of Regents is the governing body of the Smithsonian Institution and oversees a worldwide operation of scientific exploration, education, and display and preservation of irreplaceable artifacts and works of art. The Regents appoint the Chief Operating Officer of the Institution, the Secretary, and he or she serves at the pleasure of the Board. The Regents oversee a staff of over 4,000 people and an annual operating budget of over $300 million, over fifty percent of which comes from appropriated funds.

The Board is composed of seventeen members and consists of the Vice-President of the United States, the Chief Justice of the United States, three Members of the Senate appointed by the President of the Senate, three Members of the House of Representatives appointed by the Speaker of the House, and nine other persons appointed by Joint Resolution of the Congress. Of the nine persons

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who are not Members of Congress, two must be inhabitants of the District of Columbia, and no two of the remaining seven may be inhabitants of the same State. No other member of the Board of Regents is an inhabitant of the State of Virginia.

The statute establishing the Board of Regents of the Smithsonian Institution does not provide for the submission of nominees by the President or any other body. The Smithsonian Board of Regents, however, customarily identifies candidates to fill vacancies on the Board and requests that the Regents who are Members of Congress introduce joint resolutions appointing such persons. S.J. Res. 214 was introduced by Senator Barry Goldwater for himself and Senators Jake Garn and Jim Sasser, the three Senate Members of the Board of Regents.

Service as a Regent is gratituous, except for necessary traveling and other expenses in attending meetings of the Board.

HEARINGS

A hearing was held on November 14, 1985. Mr. Dean W. Anderson, Under Secretary of the Smithsonian Institution, testified in support of Mr. Humelsine's appointment. No testimony or statements in opposition to the appointment were received.

COMMITTEE FINDINGS

The committee considers Carlisle H. Humelsine to be well qualified to serve as a Regent of the Smithsonian Institution.

COST ESTIMATE

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules and the Senate, the committee does not consider that enactment of Senate Joint Resolution 214 would entail any cost to the Government.

REGULATORY IMPACT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee does not consider that enactment of Senate Joint Resolution 214 would have any regulatory impact.

COMMUNICATIONS

A letter in support of Senate Joint Resolution 214, addressed to Senator Charles McC. Mathias, Jr., Chairman of the Senate Committee on Rules and Administration, from Robert McCormick Adams, Secretary of the Smithsonian Institution, enclosing a biography of Carlisle H. Humelsine, follows:

SMITHSONIAN INSTITUTION,
Washington, DC, November 1, 1985.

Hon. CHARLES MCC. MATHIAS,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I would like to take this opportunity to comment on S.J. Res. 214 providing for the reappointment of Car-

lisle H. Humelsine as citizen regent of the Board of Regents of the Smithsonian Institution.

Regents and the manner of appointment and terms of office of those other than Members of Congress are set forth in 20 U.S.C. 42 and 43. At its meeting on September 16th the Board of Regents voted to renominate Mr. Humelsine and asked its congressional members to introduce and support legislation to provide for his reappointment to a statutory term of six years when his current term expires on March 13, 1986.

Mr. Humelsine is a resident of Virginia and was initially appointed to the Board of Regents on March 13, 1980. He has served as Chairman of the Executive Committee of the Board of Regents and as Acting Chairman of its Investment Policy Committee. His biography is enclosed.

Enactment of S.J. Res. 214 would have no regulatory impact and would entail no cost to the Government. I shall, of course, be happy to furnish any additional information you may require.

Sincerely,

ROBERT MCC. ADAMS,
Secretary.

Enclosure.

HUMELSINE, CARLISLE HUBBARD, found. exec.; b. Hagerstown, Md., Mar 12, 1915; s. Charles Ellsworth and Anna Barbara (McNamee) H.; A.B., U. Md., 1937, H.H.D. (hon.), 1974; LL.D. (hon.), Coll. of William and Mary, 1963, Hampden-Sydney Coll., 1970, Rutgers U., 1976; m. Mary Miller Speake, Aug. 16, 1941; children-Mary Carlisle (Mrs. Thomas K. Norment), Barbara Anne (Mrs. Roger Harmon). Editor publs., spl. asst. to pres. U. Md., 1937-41; dir. personnel Colonial Williamsburg, 1945-46; pres., chief exec. officer Colonial Williamsburg Found., to 1977, chmn. bd., chief exec. officer, 1977—; dir. Office Departmental Adminstrn., U.S. Dept. State, 1946-47, exec. sec. 1947-50, dep. under-sec. state, 1950; spl. asst. to sec. state at meeting Council Fgn. Ministers, London, 1947. Dir. N.Y. Life Ins. Co., Grant Teton Lodge Co., Caneel Bay Plantation, Chesapeake & Potomac Telephone Co., United Bankshares, Inc., Sleepy Hollow Restoration, Inc., Garfinckel, Brooks Bros., Miller & Rhoads. Chmn. Citizens Adv. Com. on Exec. Mansion-Richmond, Va.; former chmn. Virginia State Conservation and Econ. Devel. Commission, 1965-67; hon. cons. Robert E. Lee Meml. Found.; former chmn. Am. Revolution Bicentennial Commn.; v.p., mem. exec. com. Jamestown Corp.; chmn. Nat. Trust for Historic Preservation; mem. com. on fine art Dept. State Bd. dirs. Mariners Mus., Jamestown Found, Eastern Va. Med. Found.; past pres. Va. Mus. Fine Arts; trustee Nat. Gallery Art. Served from lt. to col. AUS, 1941-45. Decorated D.S.M., Bronze Star. Mem. Nat. Geog. Soc. (dir.), Alpha Tau Omega, Omicron Delta Kappa, Pi Delta Epsilon. Democrat. Episcopalian. Clubs: Metropolitan (Washington); Commonwealth (Richmond). Home: Moody House, Williamsburg VA 23185 Office: Colonial Williamsburg Found. Williamsburg VA 23185.

COMMITTEE CONCERN OVER INVESTMENTS IN SOUTH AFRICA

In the hearing the Committee expressed over possibly investments by the Smithsonian Institution in South Africa, particularly through a foreign mutual fund called the Trustees' Commingled Fund—International Equity Portfolio. A letter from Carlisle H. Humelsine, Regent, submitted in response to the Committee's request for a statement on this subject follows:

SMITHSONIAN INSTITUTION,
Washington, DC, November 13, 1985.

Hon. CHARLES McC. MATHIAS,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington DC.

DEAR MR. CHAIRMAN: At the hearing on November 12th, members of the Committee expressed particular interest in the Smithsonian's investment of Endowment Funds in the Trustee's Comingled Fund—International Equity Portfolio. This Fund is part of The Vanguard Group of Funds which has administrative offices in Valley Forge, Pennsylvania. The investment advisor for the Fund is Batterymarch Financial Management located in Boston, Massachusetts. The Fund has a distinguished board of American citizens as Trustees who set broad policies for the Fund and chose its officers.

The Smithsonian invested $11,500,000 in the Fund at the beginning of 1985. As of September 30, 1985, that investment was worth $15,034,825 and accounted for just over 10% of the market value of the Institution's total endowment. This sum, however, represents only 3.1% of the total value of the Trustees' Commingled Fund—International Equity Portfolio.

The Trustees' Commingled Fund—International Equity Portfolio has not had and does not now have any direct investments in South Africa. Its holdings are concentrated in Australia, Canada, Japan, and the United Kingdom. Other countries represented include France, Germany, Hong Kong, Italy, Mexico, Singapore and Spain. A complete list of the holdings is provided to the Smithsonian on a monthly basis.

It must be noted that Canada, France, Japan, and the United Kingdom have economic sanctions in place against investments in South Africa by their countries' companies. Japan's sanctions predate the current controversy over apartheid, going back as they do to the late 1950's when South Africa spurned Japanese economic overtures.

Recognizing the deep concern of the Congress about its investments, and out of its own concern, the Smithsonian is making every effort to monitor the companies included in the Commingled Fund's portfolio. The Smithsonian subscribes to the Investors Responsibility Research Center's publications. We are told a new listing of foreign companies doing business in South Africa will be published soon. A check of the companies in the International Portfolio using the now out-of-date IRRC listing showed that only a small percentage had branch offices in South Africa. This is not surprising given a State Department Briefing, attended by Smithsonian staff in September, which indicated that Europeans have long

been attended to the politically unpalatable state of affairs in South Africa and cautious about investments there.

Additionally, the Smithsonian has joined with 37 other educational institutions to sponsor research on corporate enterprise in South Africa. The South Africa Research Consortium, to be specific as to the group's name, has commissioned a study of the effects of divestment and disinvestment which will reveal more about non-U.S. business involvement in South Africa. This study is due to be completed in late January, 1985.

Recent events in South Africa, including the absence of credit for South Africa-based companies in the world markets, has prompted a number of U.S. and foreign companies to close their operations there. Others, in order to protect their South African employees from economic hardships or worse, have decided to remain despite diminishing profitability. In the extreme, the South African government has made it impossible for some companies to withdraw.

I cannot sufficiently stress how earnest the Smithsonian is about assuring that insofar as possible our investments comply with the Administration's sanctions and conform to the Sullivan principles. Among other efforts, we maintain a South Africa information file, the catalogue for which runs some twenty single spaced pages.

At the same time, I must note that in their fiduciary capacity the Regents are charged with seeing that the Smithsonian's Endowment Funds achieve a maximum return. The investment in the Trustees' Commingled Fund—International Equity Fund was made on the advice of one of our managers and the Investment Policy Committee of the Board of Regents. It remains the view of both the investment manager and the Committee that diversification of holdings both by industry and by country is essential to minimizing risk and maximizing return.

In sum, the Smithsonian is attempting to balance its accountability to the Congress with its obligations as trustee of monies entrusted to it. As indicated above, we are closely monitoring our investments and will proceed in the future to take whatever action appropriate as events unfold.

Sincerely,

CARLISLE H. HUMELSINE,
Regent.

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